

FILED

SEP 10 2015

SECRETARY, BOARD OF
OIL, GAS & MINING

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

**IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF RIG II,
LLC, FOR AN ORDER FORCE
POOLING THE INTERESTS OF ALL
OWNERS REFUSING TO AGREE TO
LEASE THEIR INTERESTS OR
OTHERWISE BEAR THEIR
PROPORTIONATE SHARE OF THE
COSTS OF DRILLING OPERATIONS
FOR THE PAPPADAKIS #15-24-2-1E
WELL IN THE DRILLING UNIT
ESTABLISHED BY THE ORDER IN
CAUSE NO. 139-42, COMPRISING
SECTION 24, TOWNSHIP 2 SOUTH,
RANGE 1 EAST, U.S.M., WITHIN THE
GREATER ALTAMONT-BLUEBELL
AREA, UINTAH COUNTY, UTAH, FOR
THE PRODUCTION OF OIL AND GAS
FROM THE LOWER GREEN RIVER
AND WASATCH FORMATIONS.**

**MOTION FOR ORDER TO
CONTINUE HEARING**

Docket No. 2014-44

Cause No. 139-26

RIG II, LLC ("**RIG II**"), by and through its counsel of record, moves the Board of Oil, Gas and Mining ("**Board**"), pursuant to R641-105-300 of *Utah Administrative Code* (2015), to continue this matter until the regular scheduled hearing on December 9, 2015. The grounds for the Motion are as follows:

1. RIG II filed its Request for Agency Action ("**Request**") on November 12, 2014, requesting the Board to differentiate the correlative rights in the Spaced Interval in the Drilling Unit described in the above caption, to quantify those rights for proper allocation of costs for

production, to involuntarily pool those oil and gas interests not heretofore voluntarily pooled, to assess the risk compensation award, and to make other findings, as required by *Utah Code Annotated* § 40-6-6.5 (West Supp. 2014).

2. RIG II subsequently filed a Motion to Bifurcate Hearing to exclude lands owned by the State Road Commission, (now Utah Department of Transportation) (“**UDOT Lands**”) managed by and through the Division of Fire, Forestry and State Lands (“**DFFSL**”) and lands held by the United States, as trustee, and for the Heirs and/or Devisees of Che-aga-rah, aka Henry Reeve, and of George Parvedro, allottees, of the Uintah and Ouray Reservation (“**Excluded Lands**”), and to continue consideration of the Excluded Lands and their owner’s interests to the Board’s regularly scheduled hearing on April 22, 2015. The Board granted the motion by bench ruling at the hearing.

3. The Board heard this matter at its regularly scheduled hearing on January 28, 2015; and on March 16, 2015, entered its Findings of Fact, Conclusions of Law, and Order (“**Order**”) force pooling those interests that were not excluded from the January 28, 2015 hearing.

4. In its Order the board stated that if the April hearing presented a deadline that was impracticable for RIG II to fully present evidence and legal analysis regarding how the Order should affect the Excluded Lands, a motion to continue the matter to the June hearing would be entertained.

5. Since the January 28, 2015 hearing, RIG II participated in DFFSL's March 2015 oil and gas lease sale by submitting its bid to lease UDOT's oil and gas estate underlying U.S. Highway 40 that comprises part of the Excluded Lands.

6. On March 30, 2015, DFFSL awarded those leasing rights to Anderson Energy Company ("**Anderson**") who was the high bidder on the parcel.

7. The Board has granted two prior continuances sought by RIG II's motions of April 7, 2015, and June 12, 2015, respectively, continuing the hearing for pooling of the Excluded Lands to September 16, 2015, on grounds that continuing the hearing until that date would allow RIG II and Anderson to negotiate the voluntary participation of Anderson's newly acquired interest in the Drilling unit and allow the Heirs and Devisees additional time to respond to RIG II's offer to lease their land. The Board granted these motions on April 15, 2015, and June 23, 2015, respectively.

8. Since the June 23rd Order, DFFSL granted the lease to Anderson and approved Anderson's assignment of the lease to Badlands Energy—Utah, LLC, RIG II's principal in these proceedings. Badlands Energy—Utah, LLC is currently in the process of submitting to DFFSL for its approval a proposed assignment of an undivided interest in the lease to RIG II and Wyatt Energy, LLC (collectively "**Assignees**"). Once the assignment to RIG II and Wyatt Energy, LLC is approved, the Assignees intend to submit a Declaration of Pooling to DFFSL.

9. With regard to the Indian Allotted lands that comprise the balance of the Excluded Lands, RIG II and the Bureau of Indian Affairs have been active in obtaining the signatures of the Heirs and Devisees of the Indian allottees; and on September 9, 2015, RIG II

received notice that the necessary signatures had been acquired for allotted leases within the Drilling Unit to issue.

10. By continuing the matter to the December 9, 2015 hearing, DFFSL should have sufficient time approve the proposed assignment of interests in the lease to RIG II and Wyatt Energy, LLC and to consent to the Declaration of Pooling. Furthermore, by continuing the matter, the Bureau of Indian Affairs will have additional time in which to issue leases for and in behalf of the Heirs and Devisees, now that the requisite number of signatures for such leases to issue has been met.

11. RIG II believes that continuing this matter, as requested, is prudent and will achieve a certain judicial economy that avoids withdrawal of the Request of Agency Action as to the Excluded Lands and the necessity of refiling and re-noticing the matter at a future date.

12. Having been advised of this motion, the Division has no objection to the requested continuance.

13. Respectfully submitted this 10th day of September, 2015.

LEAR & LEAR L.L.P.

By: 

Phillip Wm. Lear
Clifford B. Parkinson
Attorneys for RIG II, LLC
808 East South Temple Street
Salt Lake City, Utah 84102
Telephone: 801.538.5002
Facsimile: 801.538.5001

Petitioner's Address

RIG II, LLC
1582 West 2600 South
Woods Cross, Utah 84087-0298
Attention: Tyson Kalstrom

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**ORDER GRANTING MOTION FOR
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The Board of Oil, Gas and Mining ("**Board**"), having considered RIG II LLC's Motion for Order to Continue Hearing, and good cause appearing therefore;

IT IS HEREBY ORDERED that the hearing in this matter is continued until the Board's scheduled hearing of the Board on December 9, 2015.

ENTERED this ___ day of September, 2015.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

Ruland J. Gill Jr., Chairman